

DRAFT

IAC-D-73/1

Problem:

1. To determine ways and means whereby the DCI can ensure that the intelligence components which make up the federal intelligence system obtain sufficient budgetary support to be able to undertake such intelligence activities as relate to the national security.

Discussion:

2. It is clear that the intent of the Act and the NSCIDs is that the Agencies represented on the Intelligence Advisory Committee are to operate insofar as possible as a system, interrelated and interdependent. While the Act and the Directives accord due respect to the fact that the individual intelligence agencies must meet their departmental responsibilities, the separate agencies are to be so managed as to achieve coordinated intelligence in the interest of national security.

3. The injunction in the law that the Central Intelligence Agency (and therefore, in NSCID-1, the Director, with the concurrence or dissent of the IAC) is to recommend to the NSC measures necessary for the coordination of such intelligence activities as relate to the national security has a positive implication: that those activities are to be made stronger, more effective, and more efficient. A weakness developing

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with respect to any of the agencies is immediately the concern of the responsible intelligence chief. If the weakness will affect the national security, it also becomes the concern of the DCI. In some such cases, the weakness can be corrected by the responsible chief alone; in others, the correction may transcend his ability, in which event the support of the DCI and the IAC, or the NSC, may properly be required.

4. By virtue of Mr. Armstrong's letter, a point has been reached where we must examine whether or not a Congressional or departmental decision to reduce an intelligence activity which relates to the national security can be solely a departmental matter. While this particular case involves a weakening of certain activities in the Foreign Service, comparable reductions in military agencies' reporting capabilities or in the intelligence agencies' production capabilities might well have similar adverse effects to the national security.

5. In order for the federal intelligence system to be maintained in a healthy state and its integral parts balanced insofar as possible, it appears that two courses of action would be desirable:

a) Where departmental intelligence activities are clearly a need of the department but are also essential to the DCI's responsibility toward the national security, the DCI's responsibility toward the national security, the DCI should provide

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appropriate support in the presentation of such budget items to the Bureau and the Congress and to the department concerned when it comes to allocation of its appropriation among the various components of the department.

b) Where the department has been or should carry on services in addition to those required for departmental use for the benefit of CIA and the community, the DCI, in cooperation with the department should define the needed services. The DCI might, by mutual understanding, then budget for these additional services and reimburse the department for such.

6. As a matter of fact, CIA has been in certain instances operating on the thesis set forth in (b) above. CIA has reimbursed the State Department for the following intelligence services:

a) National Intelligence Survey, in order to carry out for the DCI in the most efficient way his responsibility for NIS. (While thus far CIA has not similarly reimbursed the military intelligence agencies for NIS production, it would be better, both from the point of view of the Congress and the DCI, if CIA budgeted for their research also.)

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b) External Research Staff, on the ground that such coordinating efforts would be best operated out of the Department of State and for the benefit of the community, including CIA.

c) Political and cultural biographic intelligence for services rendered to CIA, while at the same time CIA discontinued similar biographic intelligence which it had earlier developed.

7. In none of the foregoing instances was CIA specifically directed by the NSC to reimburse the Department of State for services rendered, though in the external research case the concurrence of the Psychological Strategy Board was sought and obtained. As far as is known, CIA has not provided funds to the military intelligence agencies for services rendered, although at one point during the last year G-2 was favorably considering the possibility of receiving NIS funds along the line of the State Department arrangement.

8. In the instances cited, conditions were not identical with those we faced in the reduction of services formerly provided by the Foreign Service under its own budget, but in essence the conditions were the same; that is to say, that if the Department of State had been in a

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political position where it could have obtained sufficient funds from the Congress, it would undoubtedly have preferred to finance out of its own budget the NIS, the ERS and the biographic intelligence. Thus, in effect, in order to accomplish a strong system, CIA has found a way to strengthen the system in the face of an incapability of a department to obtain necessary funds.

9. Inasmuch as we can expect in the future new difficulties to arise both with respect to strictly departmental intelligence activities and those which serve the community, it would be helpful if there would be a statement of policy from the NSC within which framework the agencies could collaborate. A revision of NSCIDs 1 and 2, as follows, would provide such policy direction:

a) Revise NSCID 1, paragraph 11, to read:

"The intelligence organizations within the limits of their capabilities shall provide or procure such intelligence as may be requested by the Director of Central Intelligence or by one of the other departments or agencies. To fulfill such requirements, the department or agency concerned shall take appropriate measures to obtain the necessary funds from the Congress to support the activities in their proper

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*to be performed by
such department
or agency*

functional sphere, unless it is agreed in advance between
the head of such department or agency and the Director of
Central Intelligence that the latter will assume the responsi-
^{obtaining}bility of [seeking] the funds from the Congress for a specific
function. Requirements put on a department or agency
outside of its proper functional sphere because of special
capacity to produce the desired intelligence may be under-
taken on a reimbursable basis for any additional expenses
involved, to be paid by the requesting agency in accordance
with 31 U. S. C. 686." (Deletion in brackets, insertion
underlined.)

b. NSCIB 2, paragraph 4, to read:

" The collecting and reporting facilities of each of the
agencies shall be utilized so as to avoid unproductive
duplication and uncoordinated overlap and to ensure /within
budgetary limitations/ that full flow of intelligence informa-
tion which is the major need of all departments and agencies
for the accomplishment of their respective missions.

10. The foregoing paragraph, in its first two sentences, means
as follows: The departments will budget for a minimum which they

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judge necessary to carry out their responsibility ~~for meeting~~
~~departmental needs~~. That which CIA identifies as additional ser-
vices, which are over and beyond the minimum and are required to
meet intelligence needs of CIA and the community, will be budgeted
for by CIA. Such funds, when allocated to CIA, will be used to
reimburse the department for the additional services. ~~Overhead~~
~~charges, to be defined mutually, shall be budgeted by the other agency.~~

Revised
This does not mean that CIA will spend the funds to perform the ad-
ditional services itself if there already exists a procedure, which
shall be used when appropriate, whereby functions may be transferred
to CIA, i.e., CIA may (a) carry out such services of common concern
as directed by the NSC, or, (b) perform such other functions and duties
as the NSC may direct. Such direction would normally take the form
of a new NSCID or the revision of an old one which has already placed
functional responsibility.

11. A different case exists when CIA believes that an
agency is inadequately performing one of its normal functions and
that this inadequacy adversely affects the national security. If the
inadequate performance results from Congressional budget cuts, the
initial problem is to secure agreement that the reduced function is one

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so relating to the national security as to demand restoration. To overcome the implicit assumption that Congress considered this factor and made the cut notwithstanding, some procedure must be developed to assure that Congress consider it. It would be preferable for Congress to consider this factor initially, rather than after passing departmental appropriations.

12. To assure Congressional consideration of the factor of relation to the national security at the time it is appropriating money for a department or agency the DCI, with the concurrence of the IAC, should support, before the Bureau of the Budget and Congress, the budget requests of the department or agency concerned insofar as the requests relate to the national security.

Recommendations:

13. That the IAC adopt the proposed revisions in the NSCIDs 1 and 2 set forth in paragraph 9 above.

14. That the IAC agree in principle to the proposal outlined in paragraph 12 above and appoint a special subcommittee to develop ways and means to implement the agreement.

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